

CFRED's 42nd Corporate and Finance Law Seminar:

**THE POLITICS AND INTERESTS
OF UPWARD REGULATORY HARMONIZATION:
LESSONS FROM THE EU'S SUSTAINABILITY REPORTING DIRECTIVE**

by

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Chaired by: **Prof. David C. Donald**, *Faculty of Law, CUHK*

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The CUHK Graduate Law Centre, 2/F Bank of America Tower, 12 Harcourt Road, Central

A growing number of jurisdictions across the world mandate non-financial or sustainability reporting for listed and/or other companies. But little is known about why business and other interest groups and governments support or oppose more stringent disclosure requirements or 'upward regulatory harmonization.' To answer these questions, my talk examines an important case of upward regulatory harmonization, the EU's sustainability disclosure Directive 2014/95/EU, which requires public interest entities across the EU to report on their social, environmental and human rights impacts. My presentation addresses an empirical puzzle: despite favorable circumstances, the Directive was weakened, and in the negotiations, Germany was the most hardline opponent, France was the strongest supporter, and the UK was somewhere in between. I draw on in-depth fieldwork, interviews with key decision makers, documents from insiders and bivariate correlations to explain the underlying motivations of different actors and different pathways to support and opposition. I find that adjustment costs to regulation are a powerful determinant of government support and opposition, but domestic politics and Varieties of Capitalism also matter. Left-wing governments, Liberal Market Economies, domestic reporting requirements, well developed capital markets, and Socially Responsible investments are associated with government support, whereas a large share of small and medium-sized enterprises and the absence of domestic reporting requirements are associated with opposition.

**All are welcome!
Admission is free of charge!**

To join us, please register your interest [here](#) by 25 June 2018.

ABOUT THE SPEAKER:



Daniel Kinderman is Associate Professor in the Department of Political Science & International Relations and Director of European Studies at the University of Delaware. His research interests include Corporate Social Responsibility, business's institutional preferences and Varieties of Capitalism, non-financial reporting regulation, and business responses to the rise of right-wing populism. His articles have appeared in the *Journal of Common Market Studies*, *Socio-Economic Review*, *Business & Society*, and a variety of other journals and edited volumes. He was a Visiting Scholar at the Social Science Research Center (WZB) in Berlin and at the Max Planck Institute for the Study of Societies in Cologne, Germany. He received his Ph.D. from the Government Department at Cornell University.